

# ***DoD Transition and Logistics Challenges***

**Marine Corps Logistics Education Program**

**Penn State University**



**Randy Fowler | Assistant Deputy Under Secretary  
of Defense  
Materiel Readiness**



**State College, PA  
June 15, 2009**



# Agenda: DoD Transition and Logistics Challenges

- **National View**
- **Logistics Enterprise View**
- **ODUSD Logistics and Materiel Readiness Focus:**
  - *Current Operations*
  - *Factory to foxhole*
  - *Contractor Support*
  - *Industrial Integration*
  - *Life Cycle Management*





# National View

---







# Administration Insights

---

**“ . . . there is uniform acknowledgment that the procurement system right now doesn't work. That's not just my opinion. That's John McCain's opinion. That's Carl Levin's opinion.”**

**President Barack Obama  
Press Conference, March 24, 2009**

**“I reject the notion that we have to waste billions of taxpayer dollars to keep this nation secure. When it comes to purchasing weapons system and developing defense projects, the choice we face is between investments that are designed to keep the American people safe and those that are simply designed to make a defense company or a contractor rich.”**

**President Barack Obama  
Weapon System Reform Act Signing, May 22, 2009**





# Acquisition Reform



CongressDaily

LATEST AM

LATEST

MARK UP

COLUMN ISSUE PAGES

DEFENSE

*Wednesday, May 6, 2009*

## Senate Plans To Take Up Defense Procurement Reform Bill

The Senate plans to take up as early as today a bill aimed at changing the Pentagon's weapons buying system, with at least two senators poised to offer amendments they hope will strengthen the legislation...

...Sen Tom Coburn may offer an amendment which would require a report on anticipated operation and support costs ...and eliminate roadblocks to compiling reliable cost information on major programs. [Read More](#)

NationalJournal.com



# SecDef Recommendations

## FY 2010 Defense Budget :

**"... we must reform how and what we buy, meaning a fundamental overhaul of our approach to procurement, acquisition, and contracting...**

**...this budget presents...one of those rare chances to ... critically and ruthlessly separate appetites from real requirements - those things that are desirable in a perfect world from those things that are truly needed in light of the threats America faces and the missions we are likely to undertake in the years ahead. An opportunity to truly reform the way we do business.**



Secretary of Defense Robert M. Gates

Defense Budget Recommendation Statement, Monday, April 06,

2009



# USD (AT&L) Insights

---

**"In our country we buy our military equipment from private industry, so they're our partners in equipping our forces," said Ashton Carter in his first interview with reporters since starting work on Monday as the Under Secretary of Defense for Acquisition, Technology and Logistics. "I would like to have a relationship of candor and dialogue... We're in this together."**

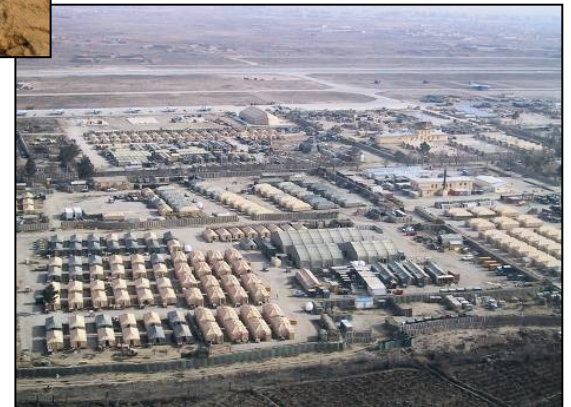


*Under Secretary of Defense Ashton Carter  
The Wall Street Journal, May 4, 2009*





# DoD Logistics Enterprise View



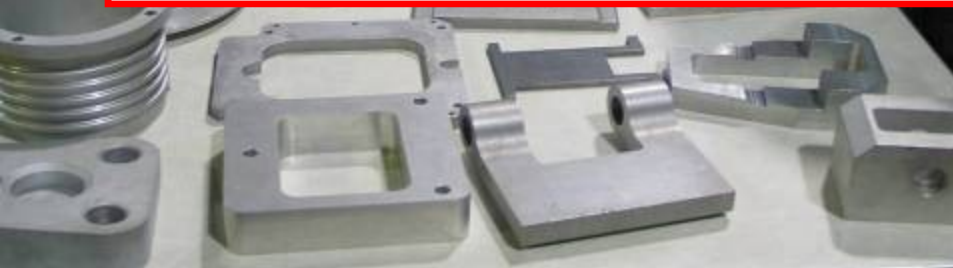


### Annual Budget (FY 07) :

**\$ 69 billion in supply**  
**\$ 91 billion in maintenance**  
**\$ 18 billion in transportation**  
**\$178 billion total logistics costs**

### Operational Resources

**100,000 suppliers**  
**2000+ legacy logistics systems**  
**116,000+ requisitions per day**  
**\$94B inventory/4.6M items (SKUs)**



### \$700 billion in assets:

- **283 ships**
- **15,000 aircraft**
- **30,000 combat vehicles**
- **330,000 ground vehicles**

### Logistics Operating locations:

- **19 Maintenance depots**
- **25 distribution depots (global)**



# New Administration...Same Challenges

---

## DoD Logistics Must Continue to:

- Anticipate Warfighter requirements
- Improve weapon systems availability
- Enable timely deployment of expeditionary forces
- Reduce the requirement for people, equipment, and supplies in theater
- Provide total asset visibility at all times
- Better integrate the public and private sectors to leverage the strengths of each
- Cost significantly less





# Deputy Under Secretary of Defense

## **Logistics and Materiel Readiness**

**TITLE 10 > Subtitle A > PART I > CHAPTER 4 > Sec. 133b**

**The Deputy Under Secretary shall perform such duties relating to logistics and materiel readiness as the Under Secretary of Defense for Acquisition, Technology, and Logistics may assign, including:**

- ▶ Advising and assisting the Secretary of Defense, the Deputy Secretary of Defense, and the Under Secretary of Defense for Acquisition, Technology, and Logistics providing guidance to and consulting with the Secretaries of the military departments, with respect to logistics, maintenance, materiel readiness, and sustainment support in the Department of Defense; and
- ▶ **Prescribing, by authority of the Secretary of Defense, policies and procedures for the conduct of logistics, maintenance, materiel readiness, and sustainment support in the Department of Defense;**
- ▶ Monitoring and reviewing all logistics, maintenance, materiel readiness, and sustainment support programs in the Department of Defense



**Title 10 Delegation of Logistics and Materiel Readiness Responsibilities is not as absolute as some may think.**





# Life Cycle Sustainment Advocacy

## Associations & Institutes

NDI  
A

AIA  
SOL  
E

PSC

Lexington

IDG  
A

## Industry

L-M G-D

Raytheon

Boeing

N-G

Sub-tiers

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Army

G-4

AMC

S&S  
E

PSA

ARA

DPA

P

NII

Intl

Ind

Pol

DLA

DCM

A

Other  
COCOMs

ASA(AL

TPEO

S

PA&  
CAI

G

LP

MPP

SCI

TP

DOT&  
E

USD(P&  
R)

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

Navy

N-4

NAVSU

P

USD  
(C)

USD  
(P)

BTA

DOT&  
E

USD(P&  
R)

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

USMC

I&L

LOGCO

M

SYSCO

M

MDA

USAF

SAF/A

PEO

S

Academia

ND

DAU

UT/ND

RI

MCLE

P

LOGTEC

H

Steven

Other

GA

DoDI

C

Allie

Congre

ss

Medi

2

AT&L

PSA

ARA

DPA

P

NII

Intl

Ind

Pol

DLA

DCM

A

Other  
COCOMs

JFCOM

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

USMC

I&L

LOGCO

M

SYSCO

M

MDA

USAF

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

DoD  
Components,  
JS, COCOMs

Joint

J-4

J-8

COCOMs

TRANSCEM

JFCOM

Other  
COCOMs

SAF/IEL

A-4

AFMC

SAF/A

PEO

S

ASN(RD

APEO

S

Navy

N-4

NAVSU

P

ASA(AL

TPEO

S

AMC

G-4

Army

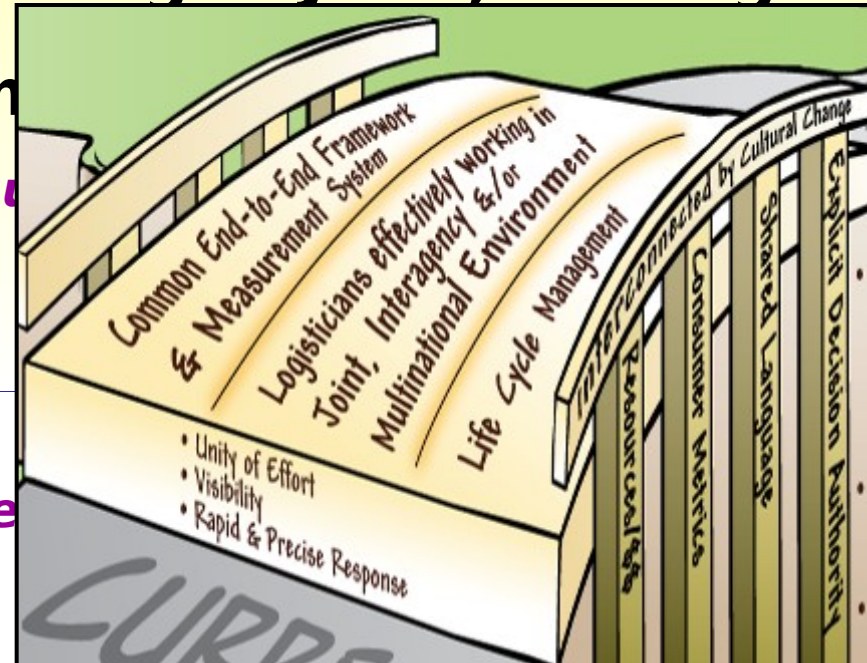
DoD  
Components,  
JS, COCOMs

Joint



# Joint Logistics Compass Initiatives

- **Common End-to-End Framework & Measurement System**
  - ✓ *Develop/Implement joint logistics architecture*
- **Logisticians effectively working in Joint, Interagency &/or Multinational Environment**
  - ✓ *Update, validate & implement h capital strategy*
- **Life Cycle Management**
  - ✓ *Institutionalize key performance parameters & key system attributes*





# Logistics Visioning

---

- **Not Logistics Reengineering**
- **Not Logistics Modernization**
- **Not Logistics Reform**
- **Not Logistics Transformation (5 Times)**
- **Not Logistics Strategic Plan (20 Times)**
- **Not Logistics Roadmap**

***Fix Logistics:  
This time we mean it!***





# Better Than We Used To Be . . . Not As Good As We Need To Be

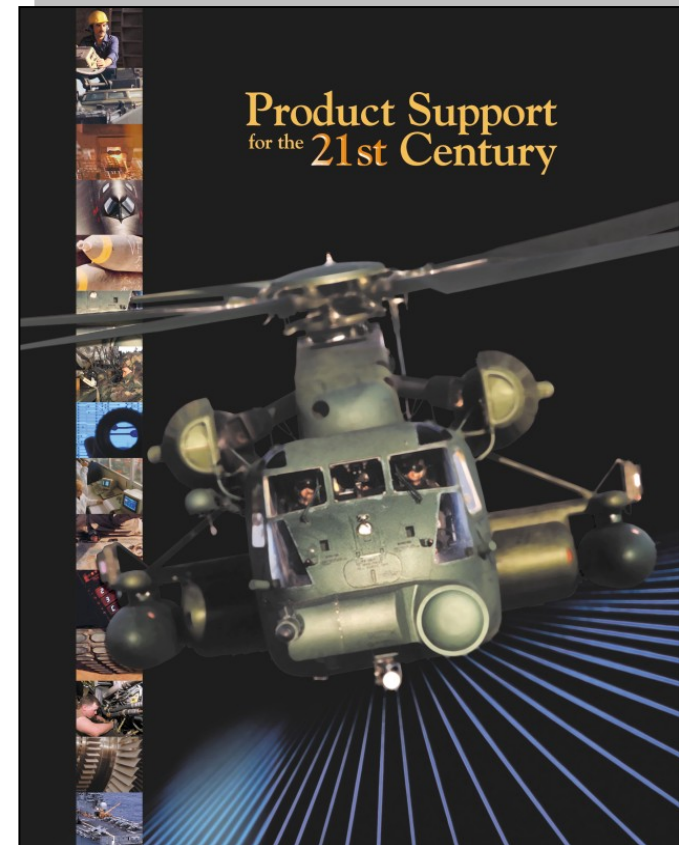
---

## The good news:

- Fought 2 wars with outstanding readiness
- Have some pockets of innovation

## The bad news:

- Focus remains on transactions, IT/ERP systems, processes, commodities, not warfighter outcomes and integration across the life cycle
- Emphasis on repeating early success rather than building on lessons to extend early success
- Struggle with logistics demand reduction
- Limited sense of transformative urgency and our time is up





# ODUSD (L&MR) Focus

---

## Current Operations

- Factory to foxhole
- Contractor Support
- Industrial Integration
- Life Cycle Mgt





# Support Current Operations

---

- **Iraq**
  - **Stability Operations**
  - **Retrograde**
  - **Reset**
- **Afghanistan**
  - **OEF “surge” ?**
  - **Maintaining LOC’s**
- **Global COCOM Support**
  - **Irregular Warfare**






























# MRAP Vehicle Fleet: A Sustainment Challenge

Arm		USM	Nav	Air	SOCO
					
GDLS-C CAT I RG31 Mk 5e 600	IMG CAT I MaxxPro 4120	FPII CAT I Cougar 1545	FPII CAT I Cougar 397	FPII CAT I Cougar 397	GDLS-C CAT I RG31 Mk 5 (Pre-MRAP) 50
					
BAE TVS CAT I Caiman 1822	BAE CAT II HAGA 123	FPII CAT II Cougar 605	FPII CAT II Cougar 147	FPII CAT II Cougar 147	BAE CAT I RG-33L 259
					
BAE CAT II RG-33L 1323	FPII CAT II Cougar 300	FPII CAT III Buffalo 62		IMG CAT I MaxxPro 329	CAT I AUV 27

Fielded vehicles only





# Coming Soon to a Theater Near You...







# The Retrograde Challenge

---

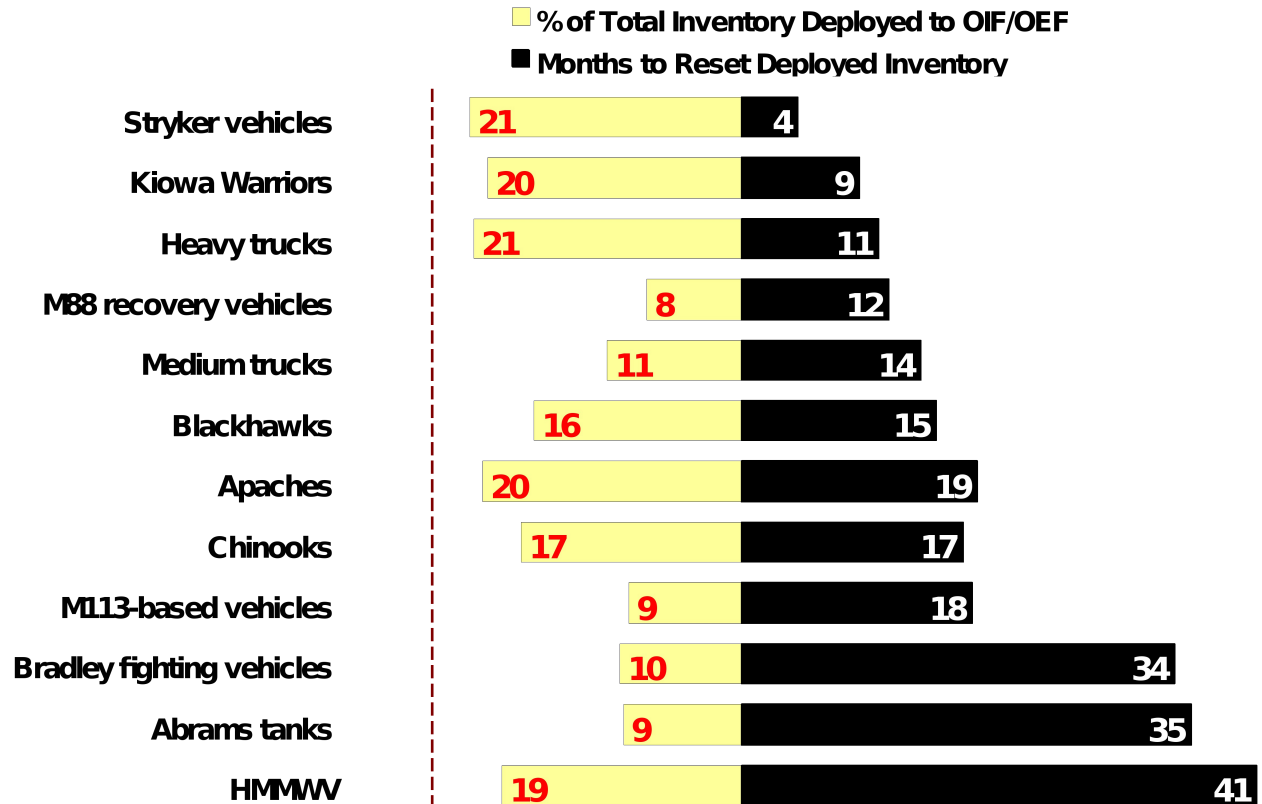
- **Change of Mission on 31 August 2010**
- **391 Bases in Iraq (9 Large, 42 Medium, 340 Small)**
- **51 Brigade-sized unit equivalents**
- **143K US Military Personnel (Coalition and Civilians)**
- **147K Contractors (Includes ~100K TCNs and LNs)**
- **24 Supply Support Activities (SSA)**
- **Millions of S-Tons of construction materiel**
- **240K Truckloads, ~8K Convoys, 119 Shiploads**
- **~120K Containers**
- **~60K Green and 47K White Rolling Stock & 618 Aircraft**
- **Border Crossing and Agricultural Inspection Bottlenecks**
- **~34K S-Tons Ammunition**



# Depot Workload and Timeliness to Reset Theater Equipment

## Assumes:

- Deployed equipment is present at depot
- Long lead repair parts are on-hand
- Depots currently handle baseline workload and ~20 BCT equivalents of equipment each year



ARFORGEN Target Maximum:  
25%

Continuing to examine depot reset times and quantities and depot production throughput requirements/capability



# ODUSD (L&MR) Focus

---

## ✓ Current Operations

➡ Factory to foxhole

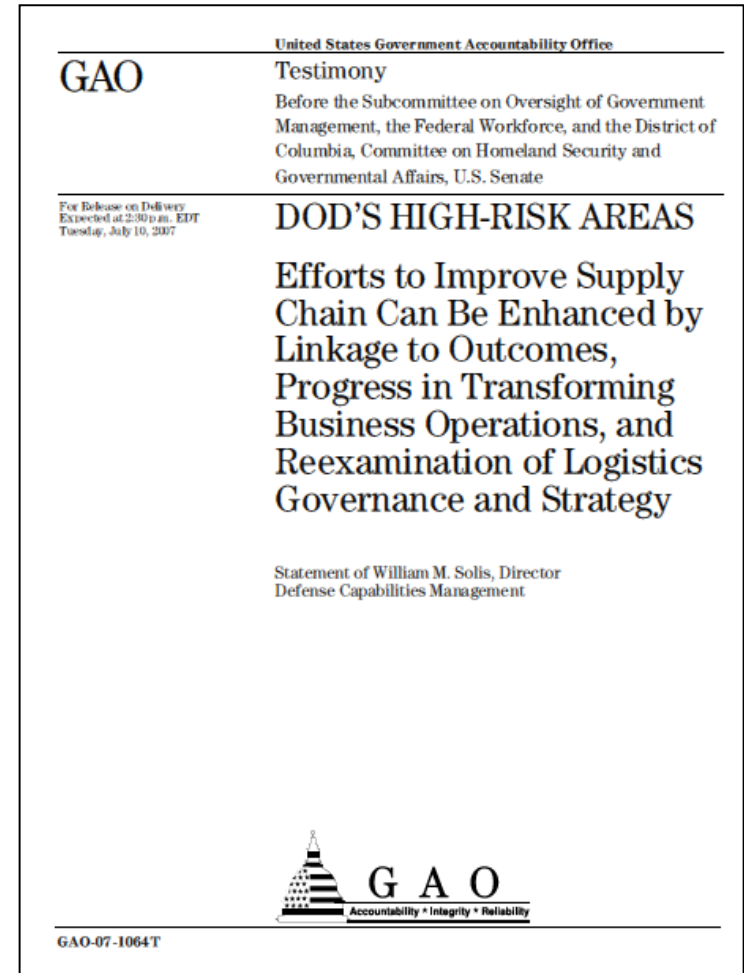
- Contractor Support
- Industrial Integration
- Life Cycle Mgt





# Supply Chain Improvements

- **End-to-End Integration**
- **Total Asset Visibility**
- **Defense Transportation Coordination Initiative**
- **BRAC**
- **Stewardship**
- **Human Capital Strategy**



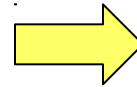




# Supply chain performance, by the numbers: H-60 case study

## Total Supply Chain Management Costs (% Rev)

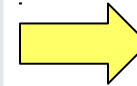
Performance	Industry Average <sup>1</sup>	Best-in-Class
19-21%	11%	5%



**The H-60 Supply Chain appears costly to manage**

## Order Fulfillment Cycle Time (Wholesale)

	Performance	Performance (w/o Back Orders)	To Theater (w/o Back Orders)	Demonstrated Performance
Routine	35 days	28 days	24 days	14 days
Priority	38 days	23 days	25 days	4-7 days



**When accounting for backorders, no significant difference in performance**

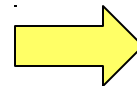
Performance	Industry Average <sup>1</sup>	Best-in-Class
17%	86%	99%



**Not demonstrating a strong ability to forecast demand**

## Fill Rates

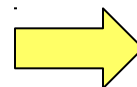
Performance	Industry Average <sup>1</sup>	Best-in-Class
90%	86%	100%



**Yet, some organizations are able to fulfill demand at rates in line with industry average**

## Inventory Days of Supply (\$ Serviceable)

Performance	Industry Average <sup>1</sup>	Best-in-Class
279	94	47



**High levels of inventory enable relatively high fill rates, in spite of inaccurate forecasting**

<sup>1</sup> Benchmark courtesy of Performance Measurement Group; Industry:

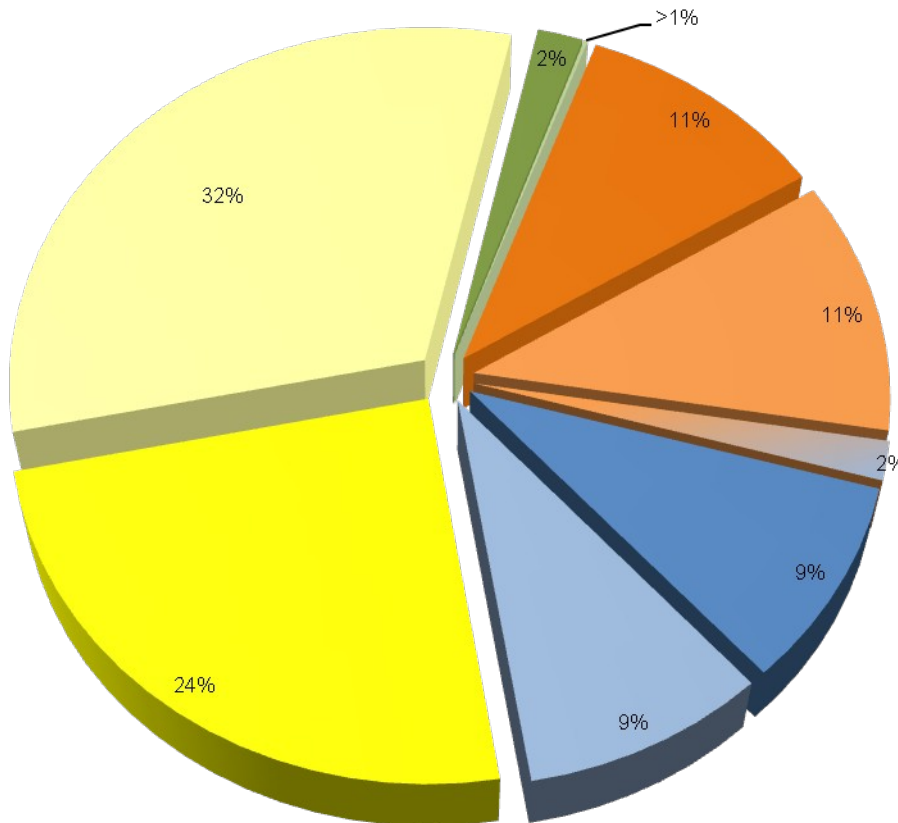
A&D

<sup>2</sup> Weighted by spend



# DoD Logistics Functional Community

**Nearly 615,000 active duty military and civilian personnel\***  
**Workforce Sizing by Category**



	Civ	Mil	Total
<b>Maintenance Support</b>	143,295 24%	199,516 32%	342,811 56%
<b>Supply Management</b>	63,350 11%	72,037 11%	135,387 22%
<b>Cross-Category (SM &amp; D/D/T)</b>		11,012 2%	11,012 2%
<b>Deploy/Dis t/ Trans</b>	56,194 9%	56,679 9%	112,873 18%
<b>Life Cycle Logistics</b>	12,426 2%	935 <1%	13,361 2%
	275,265 46%	340,179 54%	615,444 100%

Sources: Defense Civilian Personnel Data System (DCPDS)  
Defense Manpower Data Center (DMDC)  
Military Services

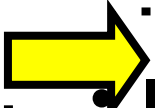
Notes: \* Augmented by over 200,000 Guard/Reserve personnel

*Demographics current as Sep 30, 2008*



# ODUSD (L&MR) Focus

- ✓ **Current Operations**
- ✓ **Factory to foxhole**
- **Contractor Support**
- **Industrial Integration**
- **Life Cycle Mgt**











# Contractor Support

- Today's total DoD in-theater contingent is comprised of approximately **50% contractor personnel**, providing a wide range of Combat Support (CS) and Combat Service Support (CSS) services.

- **Contractor Support is Growing**

Conflict	Contractor	Military	Ratio
Revolutionary War	2	9	1 to 6
Mexican-American War	6	33	1 to 6
Civil War	200	1,000	1 to 5
Spanish-American War	n.a.	35	n.a.
World War I	85	2,000	1 to 24
World War II	734	5,400	1 to 7
Korea	156	393	1 to 2.5
Vietnam	70	359	1 to 5
Gulf War	9	500	1 to 55
Balkans	20	20	1 to 1
Iraq Theater as of Early 2008	190	200	1 to 1

- **It Represents Big Money**

CBO estimates there were \$85 billion in obligations for contracts performed in the Iraq Theater\* - approximately 20 percent of the \$446 billion in U.S. appropriations for activities in Iraq from 2003 thru 2007.

- **It is a Big Leadership/Management Challenge**

Despite representing  $\frac{1}{2}$  the force and  $\frac{1}{5}$  or more of the total costs, **military leaders, in general, are not prepared from a PME standpoint** to plan for, interface with and maximize contractor capabilities in the contingency environment.

*All numbers in 1,000s  
Source: CBO Paper, "Contractors' Support of Operations in Iraq" -  
Aug 2008*

• Iraq, Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Turkey, and the United Arab Emi



# ODUSD (L&MR) Focus

✓ **Current Operations**

✓ **Factory to foxhole**

✓ **Contractor Support**

➔ **Industrial Integrati**

- **Life Cycle Mgt**





# Future Direction in Maintenance

---

- **Leverage management structure that manages solutions for the maintenance community**
  - **Synchronize strategic decision-making with a corporate approach**
  - **Utilize management structure to address near and long-term strategic issues**
  - **Regularize decision processes at tactical levels**
- **Ensure the community is ready to address the post-Reset maintenance environment from a resource and capability perspective**
- **Move community towards more joint solutions**
- **Leverage technology to improve maintainability and maintenance processes**
- **Rationalize performance based concepts across the entire spectrum of maintenance capabilities**
- **Ensure future systems entail optimum maintainability characteristics**

**The organic depots are driven by their commitment to Warfighter readiness and value to the taxpayer.**



# ODUSD (L&MR) Focus

---

✓ **Current Operations**

✓ **Factory to foxhole**

✓ **Contractor Support**

✓ **Industrial Integration**

➔ **Life Cycle Mgt**

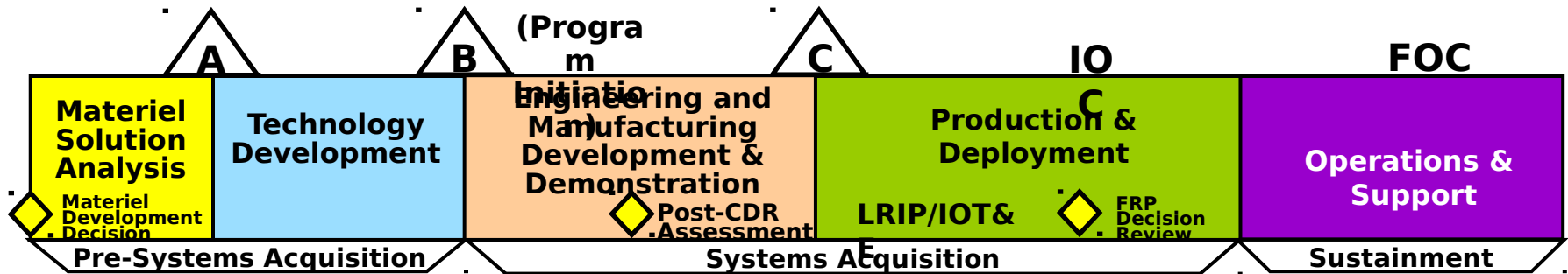




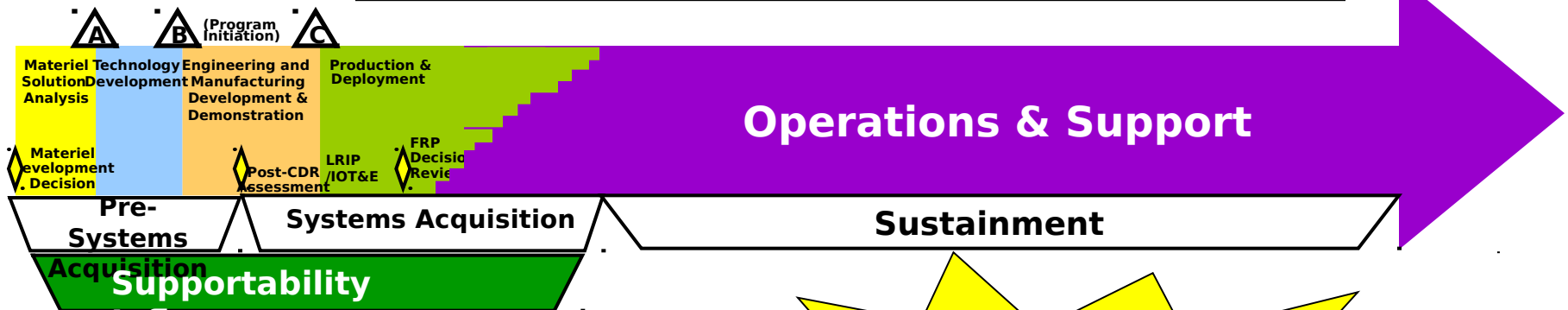


# Moving From Acquisition to Life Cycle Management Framework

## Traditional Acquisition Perspective



## Life Cycle Management Perspective



**60-75% of Life Cycle Cost !**



**09pm13 -**



# Life Cycle Product Support *Vision & Guiding Principles*

## Implementation Guidelines

- Ruthlessly separate needs from appetites
- Understand portfolio of alternatives
- Tie metrics directly to Warfighter outcomes

## Implementation Guidelines

- Exhaust opportunities for Joint economy and reduce unnecessary redundancy
- Build the capability to make good enterprise decisions
- Enforce consistency in product support processes & infrastructure



## Implementation Guidelines

- Govern sustainment as part of the life cycle
  - Design for sustainability, and integrate acquire-to-retain process
  - Manage predictable costs throughout the life cycle
  - Integrate human capital planning into life cycle focus

## Implementation Guidelines

- Optimize public & private product support capabilities
- Leverage core competencies
  - Partnerships are effective; equitable; transparent; bilateral and long-term





# 2009 DoD Product Support Assessment

## 8 Recommendation Areas

### Next Generation Business Model:

Define the overall strategy that drives cost-effective performance and capability for the Warfighter across the weapon system life cycle and enables most advantageous use of an integrated defense industrial

### PPP / Industrial Integration:

Align and expand the collaboration between Government & Industry that produces best value partnering practices

### Governance:

Strengthen and develop organization and mgmt processes to deliver the right sustainment information to decision-makers

### Metrics:

Use existing metrics to catalyze sustainment strategies and trigger continuous supportability analysis

### O&S Costs:

Improve O&S cost visibility and influence

### Supply Chain Operational Strategy:

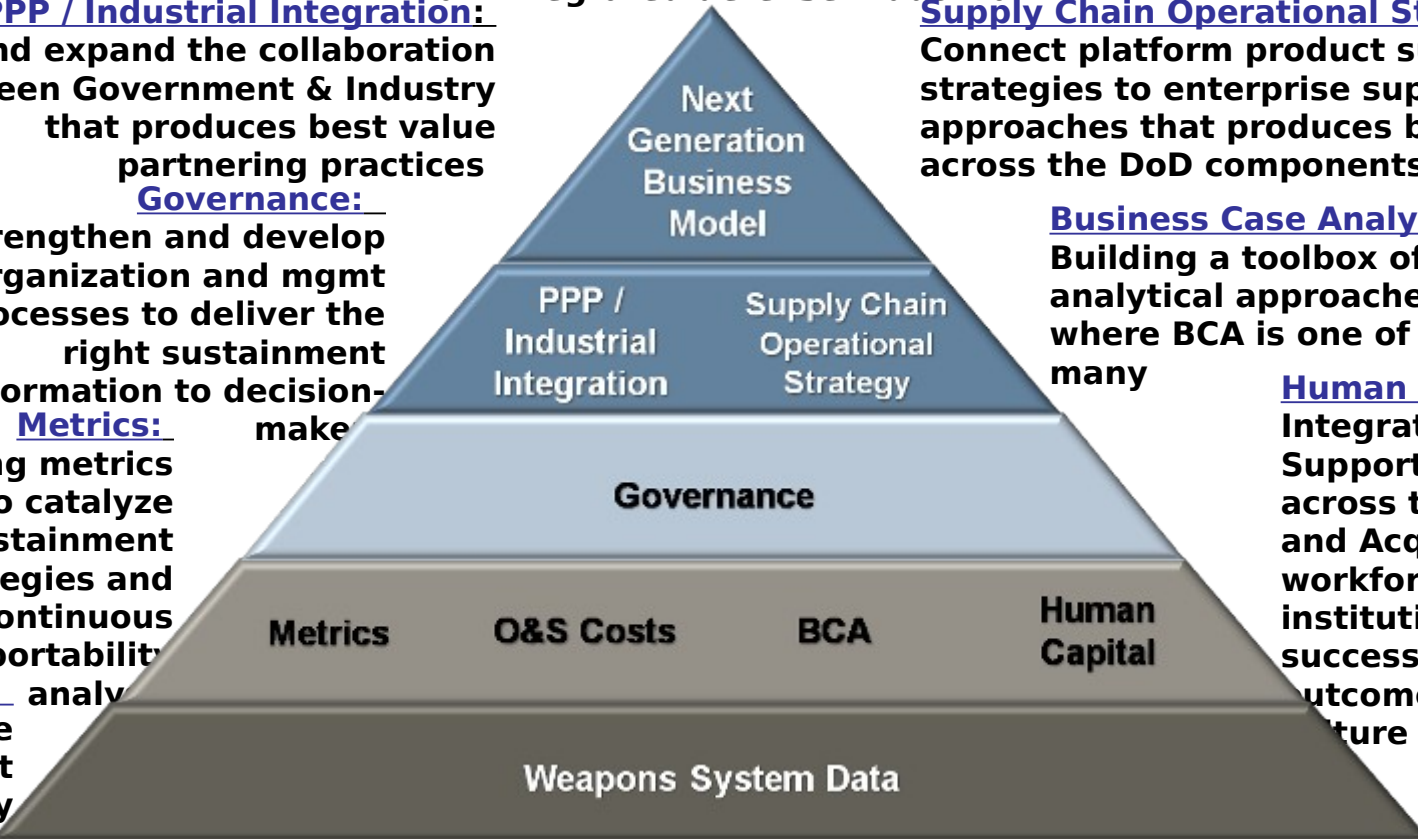
Connect platform product support strategies to enterprise supply chain approaches that produces best value across the DoD components

### Business Case Analysis:

Building a toolbox of analytical approaches, where BCA is one of many

### Human Capital:

Integrate Product Support competencies across the Logistics and Acquisition workforce domain to institutionalize successful traits of an outcome-based culture



### Weapons System Data:

Define, collect, report, and manage the data we need to drive effective Life Cycle Product Support

Recommendations dependent upon, and integrate with, one another



# Thank you.

---

